

**TOWN OF MANGHAM, LOUISIANA**

*Financial Statements  
For the Year Ended June 30, 2014*

# **TOWN OF MANGHAM, LOUISIANA**

## **Annual Financial Statements As of and for the Year Ended June 30, 2014 With Supplemental Information Schedules**

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**TOWN OF MANGHAM, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended June 30, 2014  
With Supplemental Information Schedules**

(continued)

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen of  
The Town of Mangham, Louisiana

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town of Mangham, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information for the Town of Mangham, Louisiana, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mangham, Louisiana basic financial statements. The supplemental information schedule is presented for purposes of additional analysis and is not a required part of the financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2014, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town of Mangham, Louisiana's internal control over financial reporting and compliance.

*David M. Hall, CPA (APAC)*

REQUIRED SUPPLEMENTAL INFORMATION (PART A)  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF MANGHAM, LOUISIANA**  
**Management Discussion and Analysis**  
As of and for the Year Ended June 30, 2014

Management's Discussion and Analysis is a fact-based analysis of the Town's financial activities during the fiscal year ended June 30, 2014. Its purpose is to provide an overview of activities within the Town based on currently known facts, decision, and conditions.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information ("RSI") that is provided in addition to this Management Discussion and Analysis.

### **Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$3,055,249 (net position). Of this amount, \$982,400 (unrestricted net position) represents the portion of net position that is not invested in capital assets or otherwise restricted.
- The government's total net position decreased by \$33,446.
- As of the close of the current fiscal year, the Town's governmental activities reported combined ending net position of \$933,104 an increase of \$49,812 in comparison with the prior year. Of this total amount, \$638,412 is available for spending at the government's discretion (unassigned fund balance).
- The Town's total debt decreased by approximately \$6,533 during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Mangham's basic financial statements. The Town of Mangham's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Mangham's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town of Mangham's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Mangham is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

## **Town of Mangham, Louisiana**

### **Management Discussion and Analysis (continued)**

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Mangham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Mangham include general government, public safety, sanitation, public works and Community Center. The business-type activities of the Town of Mangham include water and sewer.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mangham like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Mangham can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Mangham maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Sales Tax Fund all of which are considered to be major funds.

The Town of Mangham adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

**Proprietary funds.** The Town of Mangham maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information the government-wide financial statements, only in more detail.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



## Town of Mangham, Louisiana

### Management Discussion and Analysis (continued)

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Mangham's compliance with budgets for its major funds.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mangham, assets exceeded liabilities by approximately \$3,055,249 at the close of the most recent fiscal year.

By far the largest amount of the Town of Mangham's net assets (\$2,058,197) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Mangham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mangham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Current & other assets	\$644,694	\$565,105	\$386,915	\$370,372	\$1,031,609	\$935,477
Capital assets	294,692	325,029	2,249,942	2,353,717	2,544,634	2,678,746
Total assets	<u>\$939,386</u>	<u>\$890,134</u>	<u>\$2,636,857</u>	<u>\$2,724,089</u>	<u>\$3,576,243</u>	<u>\$3,614,223</u>
Current & other liabilities	\$6,282	\$6,842	\$28,274	\$25,715	\$34,556	\$32,557
Long-term liabilities	0	0	486,438	492,972	486,438	492,972
Total liabilities	<u>\$6,282</u>	<u>\$6,842</u>	<u>\$514,712</u>	<u>\$518,687</u>	<u>\$520,994</u>	<u>\$525,529</u>
Net Position:						
Invested in Capital Assets						
net of related debt	\$294,692	\$325,029	\$1,763,505	\$1,860,745	\$2,058,197	\$2,185,774
Restricted	0	0	14,652	11,988	14,652	11,988
Unrestricted	638,412	558,263	343,988	332,669	982,400	890,932
Total net position	<u>\$933,104</u>	<u>\$883,292</u>	<u>\$2,122,145</u>	<u>\$2,205,402</u>	<u>\$3,055,249</u>	<u>\$3,088,694</u>

The balance of \$638,412 in unrestricted net position in the governmental activities represents the accumulated results of all past year's operations. Net position decreased by \$33,445 overall from the prior year. The changes in net position are discussed later in this MD&A.

**Governmental activities.** Governmental activities increased the Town of Mangham's net position by \$49,812. Key elements of the changes in net position are as follows:

# Town of Mangham, Louisiana

## Management Discussion and Analysis (continued)

### TOWN OF MANGHAM CHANGES IN NET POSITION

06/30/2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:						
Program Revenues:						
Charges for services	130,102	128,265	\$130,500	\$127,017	\$260,602	\$255,282
Operating grants & contributions	15,434	61,854	0	0	15,434	61,854
Capital grants & contributions	0	0	0	24,993	0	24,993
General Revenues:					0	0
Property taxes	36,732	32,125	7,406	5,807	44,138	37,932
Sales taxes	114,513	80,484			114,513	80,484
Other taxes	17,094	14,965			17,094	14,965
Other general revenues	49,812	34,424	876	1,041	50,688	35,465
Total revenues	363,687	352,117	138,782	158,858	502,469	510,975
Expenses:						
General Government	103,050	98,262			103,050	98,262
Public Safety and Protection	125,166	129,014			125,166	129,014
Public Works	41,354	44,163			41,354	44,163
Sanitation	26,943	28,960			26,943	28,960
Culture and Recreation	17,362	17,314			17,362	17,314
Water			142,870	151,629	142,870	151,629
Sewer			58,565	59,758	58,565	59,758
Interest on long term debt			20,604	20,066	20,604	20,066
Total expenses	313,875	317,713	222,039	231,453	535,914	549,166
Increase (decrease) in net position before transfers	49,812	34,404	(83,257)	(72,595)	(33,445)	(38,191)
Transfers	0	0	0	0	0	0
Increase (decrease) in net position	\$49,812	\$34,404	(\$83,257)	(\$72,595)	(\$33,445)	(\$38,191)

Expenses are classified by functions/programs. General government accounts for approximately \$103,000 while public safety, public works, sanitation, and community center accounts for approximately \$211,000 for the fiscal year 2014. The related program revenues for fiscal 2014 directly related to these expenses totaled \$130,102 which resulted in net program expenses of \$80,898. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest and most significant source of revenue for the Town of Mangham. It provides approximately \$115,000 of general fund revenue.
- Insurance premium taxes are the second largest revenue source to the Town, generating approximately \$37,000 of general fund revenue.

**Business-type activities.** Business-type activities decreased the Town of Mangham's net position by approximately \$83,000. Key elements of this decrease are as follows.

- Water Fund activities decreased net position by approximately \$42,000.
- Sewer Fund activities decreased net position by approximately \$41,000.

## **Town of Mangham, Louisiana**

### **Management Discussion and Analysis (continued)**

#### **Financial Analysis of the Government's Funds**

As noted earlier, the Town of Mangham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town of Mangham's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Mangham's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Mangham's governmental funds reported combined ending fund balances of \$638,412 an increase of \$80,149 in comparison with the prior year. All of this total amount (\$638,412) constitutes unreserved fund balance, which is available for spending at the Town's discretion.

#### **General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Mangham must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 2013 with one amendment for the year.

**Revenues:** Overall revenues for the General Fund were projected to decrease during FY 2014 by \$71,000 from the previous year. All other revenues were expected to remain the same for 2014.

**Expenditures:** General governmental expenditures comprise 33% of the General Funds Appropriations.

#### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Mangham's investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$2,544,634 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and street improvements.

Major capital asset events in the current fiscal year included purchase of a tractor for the water department and some improvements to the water building.

**Town of Mangham, Louisiana****Management Discussion and Analysis (continued)****Town of Mangham Capital Assets**

	06/30/14	06/30/13
Land	\$41,250	\$41,250
Building & Improvements	173,906	173,906
Machines & Equipment	76,604	76,604
Vehicles	37,842	37,842
Infrastructure	257,233	257,233
Sewer System	967,870	967,870
Water System	2,292,280	2,298,265
Total	3,846,985	3,852,970
Less Accumulated Depreciation	(1,302,351)	(1,174,224)
Total Capital Assets	<u>\$2,544,634</u>	<u>\$2,678,746</u>

**Town of Mangham Outstanding Debt**

Water Notes	\$486,438	\$492,972
Sewer Notes	0	0
	<u>\$486,438</u>	<u>\$492,972</u>

**Economic Factors and Next Year's Budgets and Rates**

Factors considered in preparing the Town of Mangham's budget for the 2014 fiscal year included the impact that the property tax reassessments that were completed which increased property values for the Town and determining the amount of revenue that will be generated from sales tax. Sales taxes account for approximately 31% of the Town's total revenue. With current economic conditions, sales tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Mangham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Post Office 94 Mangham, Louisiana 71295.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## TOWN OF MANGHAM, LOUISIANA

## Statement of Net Position

June 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$310,672	\$681,696	\$992,368
Receivables (net of allowances for uncollectibles)	28,063	11,178	39,241
Internal balances	305,959	(305,959)	0
Capital assets (net)	294,692	2,249,942	2,544,634
<b>TOTAL ASSETS</b>	<b>939,386</b>	<b>2,636,857</b>	<b>3,576,243</b>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	6,282	28,274	34,556
Capital leases payable			-
Loans payable		486,438	486,438
<b>TOTAL LIABILITIES</b>	<b>6,282</b>	<b>514,712</b>	<b>520,994</b>
<b>NET POSITION</b>			
Net investment in capital assets	294,692	1,763,505	2,058,197
Restricted for debt service		14,652	14,652
Unrestricted	638,412	343,988	982,400
<b>TOTAL NET POSITION</b>	<b>933,104</b>	<b>\$2,122,145</b>	<b>\$3,055,249</b>

The accompanying notes are an integral part of this financial statement.

# TOWN OF MANGHAM, LOUISIANA

## Statement of Activities

For the Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>								
General government	\$103,050				(\$103,050)	(\$103,050)		(\$103,050)
Public safety and protection	125,166	92,301	5,000		(\$27,865)	(27,865)		(27,865)
Public works	41,354			10,000	(\$31,354)	(31,354)		(31,354)
Sanitation	26,943	27,806			\$863	863		863
Culture & Recreation	17,362	9,995	434		(\$6,933)	(6,933)		(6,933)
Total Governmental Activities	313,875	130,102	5,434	10,000	(168,339)	(168,339)		(168,339)
<b>Business-type Activities</b>								
Water	163,474	113,072			(\$50,402)		(50,402)	(50,402)
Sewer	58,565	17,428			(\$41,137)		(41,137)	(41,137)
Total Business-type Activities	222,039	130,500		0	(91,539)		(91,539)	(91,539)
Total Primary Government	\$535,914	\$260,602	\$5,434	\$10,000	(\$259,878)	(\$168,339)	(\$91,539)	(\$259,878)
General Revenues:								
Property taxes						\$41,121	\$7,406	\$48,527
Sales taxes						114,513		114,513
Franchise taxes						17,094		17,094
Occupational licenses						36,732		36,732
Investment earnings						469	876	1,345
Other general revenues						8,222		8,222
Transfers						0		0
Total general revenues and transfers						218,151	8,282	226,433
Change in Net Position						49,812	(83,257)	(33,445)
Net position-beginning						883,292	2,205,402	3,088,694
Net position-ending						\$933,104	\$2,122,145	\$3,055,249

Statement B

The accompanying notes are an integral part of this financial statement.

## FINANCIAL STATEMENTS



**TOWN OF MANGHAM, LOUISIANA**  
**Balance Sheet, Governmental Funds**

**June 30, 2014**

	GENERAL FUND	MAJOR FUNDS SALES TAX FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$265,856	\$44,816	\$310,672
Receivables (net of allowances for uncollectibles)	16,894	11,169	28,063
Due from other funds	305,959	44,640	350,599
<b>TOTAL ASSETS</b>	<b>\$588,709</b>	<b>\$100,625</b>	<b>\$689,334</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	6,282		6,282
Due to other funds	44,640		44,640
Total Liabilities	50,922		50,922
Fund balances:			
Assigned		100,625	100,625
Unassigned	537,787		537,787
Total Fund Balances	537,787	100,625	638,412
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$588,709</b>	<b>\$100,625</b>	<b>\$689,334</b>

**Reconciliation of The Governmental Funds Balance Sheet  
to The Government-Wide Financial Statement of Net Position**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds: \$638,412

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental assets	586,836	
Less Accumulated Depreciation	(292,144)	294,692

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:

Capital lease	0	0
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Net Position of Governmental Activities (Statement A)		<u>\$933,104</u>
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The accompanying notes are an integral part of this financial statement.

**TOWN OF MANGHAM, LOUISIANA**  
**Statement of Revenues, Expenditures and**  
**and Changes in Fund Balances**  
**Governmental Funds**

**For the Year Ended June 30, 2014**

	GENERAL FUND	MAJOR FUNDS SALES TAX FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Taxes:			
Sales and use	\$ -	\$114,513	\$114,513
Franchise tax	17,094		17,094
Ad valorem tax	41,121		41,121
Licenses and permits	36,732		36,732
Intergovernmental revenues:			
State funds:			
Grant	15,434		15,434
Charges for services	37,801		37,801
Fines and forfeitures	92,301		92,301
Investment earnings	310	159	469
Other revenues	8,223		8,223
Total Revenues	<u>249,016</u>	<u>114,672</u>	<u>363,688</u>
<b>EXPENDITURES</b>			
General government	97,464	1,352	98,816
Public safety and protection	115,939		115,939
Public works	26,401		26,401
Sanitation	26,943		26,943
Culture and recreation	15,440		15,440
Capital outlay	0		0
Total Expenditures	<u>282,187</u>	<u>1,352</u>	<u>283,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,171)	113,320	80,149
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	113,320		113,320
Transfers out	0	(113,320)	(113,320)
Total Other Financing Sources and Uses	<u>113,320</u>	<u>(113,320)</u>	<u>0</u>
Net Change in Fund Balance	80,149	0	80,149
Fund balances -- beginning	457,638	100,625	558,263
Fund balances -- ending	<u>\$537,787</u>	<u>\$100,625</u>	<u>\$638,412</u>

**Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities**

**For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds \$80,149

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	(30,337)	
Capital outlay	0	(30,337)
Change in Net Position of Governmental Activities, Statement B		<u>\$49,812</u>

The accompanying notes are an integral part of this financial statement.

## TOWN OF MANGHAM, LOUISIANA

## Statement of Net Position, Proprietary Funds

June 30, 2014

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

(Major Enterprise Funds)

WATER  
FUNDSEWER  
FUNDTOTAL  
ENTERPRISE  
FUNDS**ASSETS**

## Current Assets:

Cash and cash equivalents	\$572,392	\$109,304	\$681,696
Receivables (net of allowances for uncollectibles)	6,954	4,224	11,178
Total Current Assets	<u>579,346</u>	<u>113,528</u>	<u>692,874</u>

## Non-Current Assets:

Capital assets (net of accumulated depreciation)	1,733,130	516,812	2,249,942
Total Non-Current Assets	<u>1,733,130</u>	<u>516,812</u>	<u>2,249,942</u>

**TOTAL ASSETS**

<u>\$2,312,476</u>	<u>\$630,340</u>	<u>\$2,942,816</u>
--------------------	------------------	--------------------

**LIABILITIES**

## Current Liabilities:

Accounts, salaries, and other payables	\$3,902	\$582	\$4,484
Customer Deposits Refundable	23,790	0	23,790
Due to other funds	67,400	238,559	305,959
Total Current Liabilities	<u>95,092</u>	<u>239,141</u>	<u>334,233</u>

## Non Current Liabilities:

Notes Payable-USDA	486,438	0	486,438
Total Non-Current Liabilities	<u>486,438</u>	<u>0</u>	<u>486,438</u>

**NET POSITION**

Invested in capital assets, net of related debt	1,246,693	516,812	1,763,505
Restricted for debt service	14,652		14,652
Unrestricted	469,601	(125,613)	343,988
<b>TOTAL NET POSITION</b>	<u>\$1,730,946</u>	<u>\$391,199</u>	<u>\$2,122,145</u>

The accompanying notes are an integral part of this financial statement.

## TOWN OF MANGHAM, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds

For the Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER	SEWER	ENTERPRISE
	FUND	FUND	FUNDS
<b>Operating Revenues</b>			
Charges for services:			
Water sales	\$110,347	\$0	\$110,347
Sewer charges	0	17,428	17,428
Other services	2,725	0	2,725
Total Operating Revenues	113,072	17,428	130,500
<b>Operating Expenses</b>			
Salaries and wages	9,641	9,641	19,282
Materials and supplies	24,277	9,228	33,505
Other services and charges	20,403	13,471	33,874
Depreciation	88,550	26,225	114,775
Total Operating Expenses	142,871	58,565	201,436
<b>Operating Income (Loss)</b>	(29,799)	(41,137)	(70,936)
<b>Nonoperating Revenues (Expenses)</b>			
Property Taxes	7,406	0	7,406
Grant	0	0	0
Interest earnings	694	182	876
Interest expense	(20,603)	0	(20,603)
Total Nonoperating Revenues (Expenses)	(12,503)	182	(12,321)
<b>Income (Loss) Before Contributions and Transfers</b>	(42,302)	(40,955)	(83,257)
Capital Contributions	0	0	0
Transfers In	0	0	0
Transfer Out	0	0	0
<b>Change in Net Position</b>	(42,302)	(40,955)	(83,257)
Total Net Position-Beginning	1,773,248	432,154	2,205,402
Total Net Position-Ending	\$1,730,946	\$391,199	\$2,122,145
<b>Reconciliation</b>			
Changes in Net Position Above			(\$83,257)
Adjustment to consolidate internal service activities related to enterprise activities			0
Changes in Net Position of Business-type Activities, Statement B			(\$83,257)

The accompanying notes are an integral part of this financial statement.

## TOWN OF MANGHAM, LOUISIANA

## Statement of Cash Flows, Proprietary Funds

For the Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds) WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$112,423	\$16,290	\$128,713
Payments to suppliers	(28,017)	(8,491)	(36,508)
Payments to employees	(9,641)	(9,641)	(19,282)
Net Cash Provided by Operating Activities	74,765	(1,842)	72,923
<b>Cash Flows From NonCapital Financing Activities</b>			
Property Taxes	7,406	0	7,406
Grants	0	0	0
Transfers to/from other funds	0	0	0
Net Cash Provided (used) by Noncapital Financing Activities	7,406	0	7,406
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases of capital assets	(11,000)	0	(11,000)
Proceeds from capital debt	0	0	0
Principal paid on capital debt	(6,533)	0	(6,533)
Interest paid on capital debt	(20,604)	0	(20,604)
Net Cash Provided (used) by Capital and Related Financing Activities	(38,137)	0	(38,137)
<b>Cash Flows From Investing Activities</b>			
Interest and dividends received	694	182	876
Net Cash Provided (used) by Investing Activities	694	182	876
Net Increase in Cash and Cash Equivalents	44,728	(1,660)	43,068
Cash and Cash Equivalents, Beginning of Year	527,664	110,964	638,628
Cash and Cash Equivalents, End of Year	\$572,392	\$109,304	\$681,696
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>			
Operating income	(\$29,799)	(\$41,137)	(\$70,936)
Depreciation expense	88,550	26,225	114,775
(Increase) decrease in accounts receivable	(484)	(1,132)	(1,616)
(Increase) decrease in due from other funds	0	0	0
Increase (decrease) in allowance for uncollectible accounts	0	0	0
Increase (decrease) in customer deposits	2,775	0	2,775
Increase (decrease) in accounts payable	(348)	132	(216)
Increase (decrease) in due to other funds	14,071	14,070	28,141
Total Adjustments	104,564	39,295	143,859
Net Cash Provided by Operating Activities	\$74,765	(\$1,842)	\$72,923
<b>Listing of Noncash Investing, Capital, and Financial Activities</b>			
Borrowing under capital leases	0	0	0
Contributions of capital assets from government	0	0	0
Purchase of equipment on account	0	0	0
Increase in fair value of investments	0	0	0
Capital assets traded in	16,985	0	16,985

The accompanying notes are an integral part of this financial statement.

## **TOWN OF MANGHAM, LOUISIANA**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2014**

#### **INTRODUCTION**

The Town of Mangham, Louisiana was incorporated March 4, 1907, under the provisions of the Lawrason Act. The Town operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements and general administrative services. The Town has a population of approximately 650 people and employs seven people excluding the mayor and the five aldermen.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town has oversight of other component units that are, either, blended into the Town's basic financial statements or discretely presented in a separate column in the government-wide financial statements. The Town of Mangham has no component units as of June 30, 2014.

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Sales Tax Fund accounts for all sales taxes collected during the year.

The Town reports the following major proprietary funds:

The Water Fund provides water services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing water service.

The Sewer Fund provides sewer services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing sewer service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues derived from the proprietary funds include water and sewer fees along with new installation fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the Town, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town uses the allowance method for uncollectible water fees and writes off accounts when it deems them to be totally uncollectible.

**E. Property Taxes**

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:



**TOWN OF MANGHAM, Louisiana**  
Notes to the Financial Statements (Continued)

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General fund	7.72	7.72	2016
Water Plant Fund	3.30	3.30	2016
Street Maintenance	2.16	2.16	2016
General fund	8.37	8.37	2016

**Sales Taxes** The Town of Mangham collects a 1% sales tax, which is not designated for a specific purpose at this time. The tax may be used for any expenditure necessary. The tax is due to expire in June 2016.

**F. Restricted Assets**

The Town's Water Fund has restricted assets in accordance with the loan agreement in the amount of \$14,652. An amount of \$222 per month is deposited into a reserve account per the agreement. This is to cover the loan in case of default.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing capital assets.

As permitted by GASB 34, the Town has elected not to report infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town had no interest to capitalize under construction.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 Years
Furniture and fixtures	5 – 10 Years
Vehicles	5 Years
Equipment	7 – 15 Years
Sewer system	20 – 40 Years
Water system	20 – 40 Years

**H. Compensated Absences**

Full time employees of the Town earn 5/6 working days per year of 30 days for each month worked for annual leave. Annual leave cannot be accumulated therefore no accrual has been made.

Employees can earn up to 15 days of sick leave each year. Employees are not paid for accumulated sick leave upon termination, therefore, no accrual has been made.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted Fund Balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

*Committed Fund Balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the town aldermen – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the town aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned Fund Balance* – This classification reflects the amounts constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The town aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned Fund Balance* – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the town's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION.* The Town uses the following budget practices:

Preliminary budgets for the ensuing fiscal year are prepared by the Town Clerk during May of each year. Prior to June 15, the Mayor submits to the Board of Aldermen, a proposed budget for the fiscal year commencing the following July 1. The availability of the proposed budget for public inspection and the date of the next meeting on the budget are then advertised in the official journal. The budget is then adopted during the meeting prior to June 30. All annual appropriations lapse at year-end.

The budget comparison statements included in the accompanying financial statements reflect the original adopted budget and all amendments made. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2014 the Town has cash and cash equivalents (book balances) totaling \$992,368 as follows:

	General Fund	Sales Tax Fund	Proprietary Funds	Totals
Demand deposits	\$210,009		\$475,660	\$685,669
Interest-bearing demand deposits	5,713			5,713
Time deposits	50,134	44,816	206,036	300,986
Other				
	<u>\$265,856</u>	<u>\$44,816</u>	<u>\$681,696</u>	<u>\$992,368</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2014, the Town has \$1,024,944 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$799,278 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, RS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**4. RECEIVABLES**

The receivables of \$39,241 at June 30, 2014 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Services	\$7,494	\$	\$10,753	\$18,247
Fines	9,360			9,360
Accrued Interest	40	3	425	468
Sales Tax		11,166	0	11,166
LGAP	0			0
Total	<u>\$16,894</u>	<u>\$11,169</u>	<u>\$11,178</u>	<u>\$39,241</u>

The proprietary funds have an allowance account of \$550 and used the direct write-off method when an account is deemed uncollectible.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

**5. INTERFUND RECEIVABLES/PAYABLES**

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2014 for the primary government is as follows:

	Balance 06/30/13	Additions	Retirements	Balance 06/30/14
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$41,250			\$41,250
Depreciable assets:				
Buildings & improvements	173,906			173,906
Equipment	76,605			76,605
Vehicles	37,842			37,842
Street Improvements	257,233			257,233
Total capital assets being depreciated	545,586	0	0	545,586
Less accumulated depreciation	(261,807)	(30,337)		(292,144)
Total capital assets being depreciated, net	283,779	(30,337)	0	253,442
Total governmental activities capital assets, net	<u>\$325,029</u>	<u>(\$30,337)</u>	<u>\$0</u>	<u>\$294,692</u>
<b>Business-type activities:</b>				
Nondepreciable assets:				
Land	\$10,450			\$10,450
Depreciable assets:				
Structures & Sewer System	962,683			962,683
Water Plant & Distribution	2,178,764			2,178,764
Furniture & Equipment	90,979	11,000	(16,985)	84,994
Construction in Progress	0			0
Vehicles	23,258			23,258
Total capital assets being depreciated	3,255,684	11,000	(16,985)	3,249,699
Less accumulated depreciation	(912,417)	(114,775)	16,985	(1,010,207)
Total capital assets being depreciated, net	2,343,267	(103,775)	0	2,239,492
Total business-type activities capital assets, net	<u>\$2,353,717</u>	<u>(\$103,775)</u>	<u>\$0</u>	<u>\$2,249,942</u>

Depreciation expense is charges to functions of the governmental and business-type activities as follows:

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

Governmental Activities:		Business-Type Activities:	
General Government	4,235	Sewer	26,225
Public safety and protection	9,227	Water	88,550
Public works	14,953		
Sanitation	0		
Culture and recreation	1,922		
Totals	<u>30,337</u>		<u>114,775</u>

**7. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

The composition of interfund balances as of June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$238,559
Water Fund	General Fund	67,400
Special Revenues	General Fund	(44,640)
Sales Tax Fund	General Fund	44,640
		<u>\$305,959</u>

**8. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$34,556 at June 30, 2014 are as follows:

	General Fund	Proprietary Funds	Total
Accounts	\$ 6,282	\$ 4,484	\$ 10,766
Other		23,790	23,790
	<u>\$6,282</u>	<u>\$28,274</u>	<u>\$34,556</u>

**9. LEASES**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. All leases have been paid in full as of June 30, 2014.

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2014:

**TOWN OF MANGHAM, Louisiana**  
Notes to the Financial Statements (Continued)

	Bonded Debt	USDA	Total
Long-term Obligations at Beginning of Year	\$0	\$492,971	\$492,971
Additions	0	0	0
Deductions	0	6,533	6,533
Long-term Obligations at End of Year	\$0	\$486,438	\$486,438

<u>Year Ending June 30, 2014</u>	Principal Payments	Interest Payments	Total
2015	6,812	19,936	26,748
2016	7,099	19,649	26,748
2017	7,397	19,351	26,748
2018	7,708	19,040	26,748
2019	8,032	18,706	26,748
2020-2049	449,390	326,301	775,691
Total	\$486,438	\$422,983	\$909,431

The water fund accounts for the USDA funding and the general fund has no long-term debt as of June 30, 2014.

A water project loan from the USDA originated on 05/09/08 at 4.125 percent interest. This loan was granted to make major improvements to the water system lines and water plant. At completion, a payment of \$16,494 was made which consisted of accrued interest to date and \$584 of principal. The monthly payments of \$2,229 began 05/09/09 for a period of 40 years.

## 11. RETIREMENT SYSTEMS

Substantially all employees of the Town of Mangham are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

### A. Municipal Employees Retirement System of Louisiana (System)

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Town is a member of the Drop Plan B.

#### DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the

**TOWN OF MANGHAM, Louisiana**  
Notes to the Financial Statements (Continued)

DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (800) 820-1137.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 31% of annual covered payroll. The contribution requirements of plan members and the Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System for the years ending June 30, 2014, 2013, and 2012, were \$7,271, \$11,699, and \$8,801, respectively, equal to the required contributions for each year.

**12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 19, 2014, which is the day the financial statements were available to be issued, and it has been determined that no other significant events have occurred for disclosure.



REQUIRED SUPPLEMENTAL INFORMATION (PART B)  
BUDGETARY COMPARISON SCHEDULES

## TOWN OF MANGHAM, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Budget and Actual (GAAP Basis)  
General Fund (and all major governmental funds)  
For the Year Ended June 30, 2014**

*Required Supplemental Information*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Over(Under)</u>
<b>Revenues</b>				
Taxes:				
Sales and use	\$70,000	\$111,000	\$114,513	\$3,513
Franchise tax	13,800	20,500	17,094	(3,406)
Ad valorem tax	37,000	39,800	41,121	1,321
Other taxes, penalties, interest, etc.	0	0	0	0
Licenses and permits	20,000	33,000	36,732	3,732
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)				0
Grant	49,000	27,900	15,434	(12,466)
Charges for services	36,700	37,450	37,801	351
Fines and forfeitures	83,000	81,400	92,301	10,901
Investment earnings	0	0	469	469
Other revenues	4,800	8,150	8,223	73
Total Revenues	<u>314,300</u>	<u>359,200</u>	<u>363,688</u>	<u>4,488</u>
<b>Expenditures</b>				
General Government	76,955	92,800	98,816	6,016
Public safety and protection	111,380	105,975	115,939	9,964
Public works	22,000	40,175	26,401	(13,774)
Sanitation	26,050	27,100	26,943	(157)
Culture and recreation	8,700	15,575	15,440	(135)
Capital Outlay	0	0	0	0
Total Expenditures	<u>245,085</u>	<u>281,625</u>	<u>283,539</u>	<u>1,914</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	69,215	77,575	80,149	2,574
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	69,000	109,600	113,320	113,320
Transfers Out	(69,000)	(109,600)	(113,320)	(113,320)
Total Other Financing Sources and Uses	0	0	0	0
<b>Net Change in Fund Balance</b>	69,215	77,575	80,149	2,574
<b>Fund Balance (Deficit) at Beginning of Year (Restated)</b>	<u>501,277</u>	<u>545,331</u>	<u>558,263</u>	<u>12,932</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u><u>\$570,492</u></u>	<u><u>\$622,906</u></u>	<u><u>\$638,412</u></u>	<u><u>\$15,506</u></u>

Preliminary budgets for the ensuing fiscal year are prepared by the Town Clerk during May of each year. Prior to June 15, the Mayor submits to the Board of Aldermen, a proposed budget for the fiscal year commencing the following July 1. The availability of the proposed budget for public inspection and the date of the next meeting on the budget are then advertised in the official journal. The budget is then adopted during the meeting prior to June 30. All annual appropriations lapse at year-end.

The budget comparison statements reflect the original adopted budget and all amendments made. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

OTHER SUPPLEMENTAL SCHEDULES

## TOWN OF MANGHAM, LOUISIANA

Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2014

<u>Board of Aldermen</u>	<u>Amount</u>
Zona McKay	277
John Natt	225
Danny Hendrix	156
Perry Fleming	173
Leslie Mizell	139
Total	<u>\$970</u>

## REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Board of Aldermen of  
The Town of Mangham, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town of Mangham, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 19, 2014.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 14-1 that I consider to be a significant deficiency.

To the Honorable Mayor and Board of Aldermen of  
The Town of Mangham, Louisiana  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. The purpose of this report is for the information of management and the Legislative Auditor and is not intended to be or should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

*David M. Haas, CPA (APAC)*

West Monroe, Louisiana  
December 19, 2014

TOWN OF MANGHAM, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

Honorable Mayor and Board of Aldermen of the  
Town of Mangham, Louisiana

I have audited the financial statements of the Town of Mangham, Louisiana as of and for the year ended June 30, 2014, and have issued my report thereon dated December 19, 2014. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2014, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness \_\_\_ yes X no

Significant Deficiencies not considered to be

Material Weaknesses X yes \_\_\_ no

Compliance

Compliance Material to Financial Statements \_\_\_ yes X no

B. Federal Awards – N/A

Material Weakness Identified \_\_\_ yes \_\_\_ no

Significant Deficiencies not considered to be

Material Weaknesses \_\_\_ yes \_\_\_ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified \_\_\_ Qualified \_\_\_

Disclaimer \_\_\_ Adverse \_\_\_

Are their findings required to be reported in accordance with Circular A-133,  
Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)

CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A



TOWN OF MANGHAM, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014 (continued)

**14-1 Improving Segregation of Cash Duties**

Condition:

At present, the Town Clerk of Mangham, Louisiana handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts. Currently, she is the only person that is trained to do this job.

Criteria & Effect:

A fundamental concept in a good system of internal control is the segregation of duties.

Recommendation:

Although the size of the Town's accounting staff prohibits complete adherence to this concept, I believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the mayor or an alderman. Cash receipts could be recorded and the deposit prepared by this person.
- Cash receipts should be deposited intact daily. Holding receipts exposes the Town to loss.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Nonroutine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the mayor or an alderman.

Also, the Town should consider hiring another person to train to help the Town Clerk and assist her in her daily duties.

Response:

The Town's Aldermen have the opportunity to review the bank statements and reconciliations at each monthly Council meeting. The monthly invoices are also reviewed at that time. Two signatures are required on all checks written and the Mayor reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits.

TOWN OF MANGHAM, LOUISIANA  
STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

**13-1 Improving Segregation of Cash Duties**

Condition:

At present, the Town Clerk of Mangham, Louisiana handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements.

Recommendation:

Although the size of the Company's accounting staff prohibits complete adherence to this concept, we believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the mayor or an alderman. Cash receipts could be recorded and the deposit prepared by this person.
- Cash receipts should be deposited intact daily. Holding receipts exposes the Town to loss.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Nonroutine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the mayor or an alderman.

Action Taken:

The Town feels that it is not cost beneficial to hire another employee.